

STATE AUTOMATION SYSTEMS STUDY

SITE VISIT: OCTOBER 13 - 15, 1993

NEW JERSEY STATE REPORT

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FINAL

Prepared for:

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TABLE OF CONTENTS

	<u>Page</u>
STATE PROFILE	1
1.0 STATE OPERATING ENVIRONMENT	2
2.0 FOOD STAMP PROGRAM OPERATIONS	3
2.1 Food Stamp Program Participation	3
2.2 FSP Benefits Issued Versus FSP Administrative Costs	4
2.3 FSP Administrative Costs	4
2.4 System Impacts on Program Performance	4
2.4.1 Staffing	4
2.4.2 Responsiveness to Regulatory Change	4
2.4.3 Combined Official Payment Error Rate	4
2.4.4 Claims Collection	6
2.4.5 Certification/Reviews	6
3.0 OVERVIEW OF THE SYSTEM	7
3.1 System Functionality	7
3.2 Level of Integration/Complexity	9
3.3 Workstation/Caseworker Ratio	9
3.4 Current Automation Issues	10
4.0 SYSTEM DEVELOPMENT AND IMPLEMENTATION	10
4.1 Overview of the Previous System	10
4.2 Justification for the New System	10

TABLE OF CONTENTS

	<u>Page</u>
4.3 Development and Implementation Activities	11
4.4 Conversion Approach	11
4.5 Project Management	11
4.6 FSP Participation	12
4.7 MIS Participation	12
4.8 Problems Encountered During Development and Implementation	12
5.0 TRANSFERABILITY	13
6.0 SYSTEM OPERATIONS	13
6.1 System Profile	13
6.2 Description of Operating Environment	14
6.2.1 Operating Environment	14
6.2.2 State Operations and Maintenance	15
6.2.3 Telecommunications	15
6.2.4 System Performance	16
6.2.5 System Response	16
6.2.6 System Downtime	16
6.2.7 Current Activities and Future Plans	16
7.0 COST AND COST ALLOCATION	17
7.1 FAMIS Development Costs and Federal Funding	17
7.1.1 FAMIS System Components	18

TABLE OF CONTENTS

	<u>Page</u>
7.1.2 Major Development Cost Components	18
7.1.2.1 Hardware	18
7.1.2.2 Contractor Costs	19
7.1.2.3 State Personnel Costs	19
7.2 Operational Costs	20
7.2.1 Cost Per Case	21
7.2.2 ADP Operational Cost Control Measures and Practices	21
7.3 New Jersey Cost Allocation Methodologies	22
7.3.1 Historical Overview of Development Cost Allocation Methodology	22
7.3.2 FAMIS Operational Cost Allocation Methodology and Mechanics	23
7.3.2.1 Direct Charge Functions	24
7.3.2.2 Allocation Functions	24

APPENDICES

A	State of New Jersey Exhibits	A-1
B	Analysis of Managerial User Satisfaction	B-1
C	Analysis of Operator User Satisfaction	C-1

LIST OF TABLES

<u>Table No.</u>		<u>Page</u>
2.1	Average Monthly Public Assistance Participation	3
2.2	FSP Benefits Issued	4
2.3	FSP Federal Administrative Costs	4
2.4	Official Combined Error Rate	6
2.5	Total Claims Established/Collected	6
7.1	State Personnel Costs, State FY 1986	20
7.2	FAMIS Operating Costs	20
7.3	FAMIS OTIS Costs	21
7.4	Direct Cost Functions	24

APPENDIX A - State of New Jersey Exhibits

<u>Exhibit No.</u>		
A-2.1	Response to Regulatory Changes	A-2
A-6.1	State of New Jersey Hardware Inventory	A-4
A-7.1	Allocated Functions	A-5

NEW JERSEY STATE REPORT

Site Visit October 13 - 15, 1993

STATE PROFILE

System Name

Family Assistance Management Information System

1.0 STATE OPERATING ENVIRONMENT

The Department of Human Services (DHS) is the State level agency responsible for supporting the Food Stamp Program (FSP) and other assistance programs in New Jersey. Responsibility is shared with the State's 21 counties since assistance program support is a State-supervised, county-administered function in New Jersey. Within DHS, the Division of Family Development (DFD) contains the following organizational units: Fiscal Operations, Office of Personnel, Office of Information Systems, Office of Planning and Operations Review, and Office of Child Support. In addition, the deputy director oversees the County Operations and Program Regulations Units.

Support for assistance programs is provided by several organizational units within DFD. Fiscal Operations' Bureau of Business Services (BBS) is responsible for reconciliation, claims, and issuance of benefits, and the Bureau of Integrity Control (BIC) is responsible for front end matching. The Statewide Operations section of the County Operations area is responsible for policy interpretation, supervision of the County Welfare Departments (CWD), program administration, and issuance contracts. The Bureau of Policy Standards (BPS), in the Program Regulations Unit, is responsible for policy development and implementation. Finally, the Bureau of Quality Control, a unit of the Office of Planning and Operations Review, is responsible for quality control, management planning, and corrective action planning.

The Family Assistance Management Information System (FAMIS) automated system supports the Food Stamp, Aid to Families with Dependent Children (AFDC), and Medicaid Programs; systems support is provided by both DFD personnel and the New Jersey Department of Treasury. The Department of Treasury oversees the Office of Telecommunications and Information Systems (OTIS), which runs the data center and provides technical support and application support for several State agencies and organizational units, including DFD. In addition, DFD has management information systems (MIS) staff within its Office of Information Systems (OIS), which act as technical advisors to the program areas, provide a liaison to OTIS for functional and technical specifications related to system enhancements, and support the Advanced Planning Document (APD) preparation process for the State.

New Jersey is a mixture of urban and rural areas. There is a central social services office in each county and some field offices within individual counties. The State population in 1990 was 7,748,634. Approximately 5.1 percent were food stamp recipients.

The level of unemployment in New Jersey declined from 1982 to 1988 and increased from 1989 to 1991. Between 1982 and 1988, the State's unemployment rate decreased from 9.0 percent to 3.8 percent, which was a 58 percent decrease. The State's unemployment rate increased to 4.1 percent in 1989, 5.0 percent in 1990, and 6.6 percent in 1991.

The October 1992 report, *The Fiscal Survey of States*, provides the following information compiled by the National Association of State Budget Officers:

- New Jersey's nominal expenditure growth for Fiscal Year (FY) 1993 was negative; the national average for expenditure growth was 2.4 percent.

- State government employment levels in New Jersey decreased by 7.37 percent between 1992 and 1993. This change is significantly larger than the national average 0.60 percent decrease in State government employment.
- New Jersey's FY 1993 net revenues decreased by \$560 million. This reflected a \$608 million decrease in sales taxes and a \$48 million increase in fees.
- The regional outlook indicated that the Mideast States have been strongly affected by the recession. The regional weighted unemployment rate of 8.4 percent was higher than the national average of 7.8 percent. The per capita regional personal income increase of 2.2 percent was less than the national average of 2.4 percent.

2.0 FOOD STAMP PROGRAM OPERATIONS

The Food Stamp Program is administered at the State and local levels through DFD. BBS contains a separate Food Stamp Fiscal Unit. Similarly, there is a Food Stamp Unit within the Statewide Operations area. At the local level, FSP operations are the responsibility of 21 county offices and additional field offices located throughout the State.

2.1 Food Stamp Program Participation

The average monthly participation for the Food Stamp Program and other assistance programs is provided below in Table 2.1. Participation increased during the five-year period for all program areas. Between 1988 and 1992, the number of FSP households and recipients increased by 40.5 percent and 49.5 percent, respectively. The number of AFDC cases increased by 18.5 percent, and the number of General Assistance (GA) cases increased by 71.5 percent during the same period.

Table 2.1 Average Monthly Public Assistance Participation

PROGRAM	1992	1991	1990	1989	1988
AFDC					
Cases	125,939	125,160	107,517	101,971	106,258
Individuals	357,789	357,028	312,261	298,236	314,360
GA					
Cases	32,428	27,313	20,925	19,265	18,906
Individuals	32,995	27,655	21,151	19,441	19,098
FSP					
Households	204,510	174,807	151,842	137,840	136,834
Individuals	502,107	448,289	384,042	353,659	357,379

2.2 FSP Benefits Issued Versus FSP Administrative Costs

The ratio of benefits issued to FSP administrative costs has improved from 6:1 in 1988 to 9:1 in 1992.

New Jersey's average monthly benefit issuance per household over the last five years, as provided in Table 2.2, has increased.¹

Table 2.2 FSP Benefits Issued

	1992	1991	1990	1989	1988
Average Monthly Benefit Per Household	\$179.80	\$173.27	\$160.21	\$140.92	\$135.29

2.3 FSP Administrative Costs

New Jersey's FSP administrative costs for the past five years are provided in Table 2.3.² While total costs increased each year, average cost per household increased between 1988 and 1989 and decreased in subsequent years. Overall, the average Federal administrative cost per household decreased slightly during the five-year period.

Table 2.3 FSP Federal Administrative Costs

	1992	1991	1990	1989	1988
Total FSP Federal Admin. Cost	\$47,548,126	\$46,922,617	\$40,010,605	\$38,945,905	\$36,985,189
Avg. Federal Admin. Cost Per Household Per Month	\$19.74	\$22.22	\$22.22	\$23.69	\$22.64

¹ The number of households and benefit amounts use data reported in the FNS *State Activity Reports* each year.

² The number of households and FSP Federal administrative costs are derived from data reported in the FNS *State Activity Reports* each year.

2.4 System Impacts on Program Performance

FSP systems typically have an impact on several program performance areas. This section examines the system impact on staffing, responsiveness to regulatory changes, error rates, and claims collection.

2.4.1 Staffing

New Jersey switched from program-specific caseworkers to a generic caseworker approach approximately two years ago; however, some local offices still have separate public assistance (PA) and non-public assistance (NPA) workers. Current staff that support FSP operations at the local level in New Jersey, for all offices except those in Morris County (staffing data were not provided by Morris County), include approximately 2,000 full-time and part-time workers. The number and type of staff are as follows:

- 1,345 full-time and 210 part-time eligibility workers (EWs)
- 83 full-time and 20 part-time registration workers and clerical support staff
- 246 full-time and 31 part-time EW supervisors
- 47 full-time and 16 part-time identification card issuers

State staff indicated that the number of caseworkers increased during the past five years; however, staff also reported an increase in the average caseload per worker and caseload backlog during the same period.

2.4.2 Responsiveness to Regulatory Change

New Jersey staff indicated that all regulatory changes identified in Exhibit A-2.1 in Appendix A were implemented within the mandated timeframes with the exception of the following three regulations that were determined to be not applicable in New Jersey:

- Regulation 273.9(c)(1)(ii)(f), which mandates the exclusion of State or local General Assistance payments provided as vendor payments from income
- Regulation 273.9(c)(5)(i)(f), which excludes the annual school clothing allowance from income
- Regulation 274.2(c)(1), which requires that mail issuance be staggered over at least 10 days

2.4.3 Combined Official Payment Error Rate

New Jersey's official combined error rate, as indicated in Table 2.4, fluctuated during the past five years. The error rate decreased between 1988 and 1989, increased in 1990, decreased in 1991, and increased again in 1992.

Table 2.4 Official Combined Error Rate

	1992	1991	1990	1989	1988
Combined Error Rate	8.17	6.32	8.23	7.50	7.57

2.4.4 Claims Collection

Table 2.5 presents data indicating the total value of claims established, the value of claims collected, and the percentage of claims established that were collected. Following a decline between 1988 and 1989, the dollar value of claim collections increased each year from 1989 to 1992. The value of claims established fluctuated from year to year, but decreased overall during the five-year period.

Claims collected, as a percentage of claims established, increased each year between 1988 and 1992. The percentage of claims collected is affected by the total number of claims established, whether the individual is still receiving benefits, the amount of available assets, and other factors.

Table 2.5 Total Claims Established/Collected

	1992	1991	1990	1989	1988
Total Claims Established	\$6,696,758	\$6,020,107	\$7,112,733	\$6,891,597	\$7,856,340
Total Claims Collected	\$5,298,771	\$3,960,312	\$3,806,605	\$3,519,995	\$3,974,249
As a % of Total Claims Established	79.1%	65.8%	53.5%	51.1%	50.6%

2.4.5 Certification/Reviews

New Jersey's FAMIS has been reviewed by both the Food and Nutrition Service (FNS) and the Department of Health and Human Services (DHHS). FNS conducted a post-implementation review of the system in September 1986. DHHS provided FAMIS certification of the system in December 1988.

3.0 OVERVIEW OF THE SYSTEM

This section provides an overview of the various functions of FAMIS and discusses the system's complexity and level of integration.

3.1 System Functionality

Major features of FAMIS are discussed in this section. Areas addressed include:

- **Registration.** The registration process in New Jersey is basically a manual process. It begins when an applicant provides information to a receptionist or clerical worker. Information required at registration is limited to the name and Social Security number (SSN) of the head of the household; however, additional information (such as date of birth, sex, race, address, and telephone number) also may be provided. The registration information is entered into the system, and a statewide batch search, using the name and SSN, is conducted to determine if the applicant currently participates or previously participated in the AFDC or Food Stamp Programs. If there is a historical record on the system for the applicant, information from this record can be copied into the current record. The clerical worker manually schedules an applicant interview with an EW. The EW determines the need for expedited issuance.
- **Eligibility Determination.** During the eligibility determination interview, the EW gathers the information required to determine AFDC, FSP, and/or Medicaid eligibility. Interactive interviews are not conducted; instead, applicant information is recorded on coding sheets from which data entry clerks enter information into the system. Data entry screens feature on-line edits and calculator screens, and the operator has the ability to bypass screens that are not needed.

The system determines household eligibility and benefit entitlement on-line. Duplicate participation checks and benefit calculations are performed during overnight batch processing.

- **Benefit Calculation.** Benefit calculation is conducted at the same time as eligibility determination. The system has the ability to calculate monthly gross income and net income. The system calculates the appropriate benefit level, which is then verified by the EW. Under all situations, supervisory benefit authorization also is required.
- **Benefit Issuance.** New Jersey currently uses the authorization-to-participate (ATP) and direct mail methods for issuing FSP benefits. Most FSP benefits are issued through an ATP system. FAMIS automatically produces ATP cards. In New Jersey, actual food coupon issuance is contracted out to financial institutions, and recipients exchange their ATP cards for food coupons at these banks. Approximately two percent of all food stamps are issued through direct mail.

New Jersey also is developing an on-line electronic benefit transfer (EBT) system for issuing FSP benefits. EBT benefit issuance is expected to begin in Camden County in February 1994. Following successful operations in Camden County, the EBT system will be implemented in Essex and Hudson Counties.

FAMIS also performs several functions related to benefit replacement and reconciliation. Workers enter data regarding undelivered or stolen coupons into the system and can request replacement benefits on-line. The replacement benefits are issued in the next day's issuance. The system links the original and replacement documents. The system also produces reconciliation reports for all issuances as well as exception reports.

- **Notices.** FAMIS automatically generates most client notices, and there are other notices that the worker generates through the system by entering information to customize the notice. Notices are provided for the Food Stamp, AFDC, and Medicaid Programs. AFDC and FSP notices are combined.

The system generates the following notices automatically:

- Key events related to household eligibility or participation,
 - Benefit reductions or increases,
 - Application approval,
 - Denial based on eligibility determination, and
 - Closure based on recertification information.
- **Claims System.** A claims module, which supports claims establishment and collection functions, is integrated into FAMIS; however, several claims processing functions are performed manually by the EW. The worker enters information regarding the cause of overpayments or underpayments and whether fraud is suspected into the system, calculates the corrected benefit amount, and enters the corrected amount on a paper claims form. EW supervisors must approve the establishment of a claim.

Once a claim has been established in the system, FAMIS tracks the claim status, subtracts the recoupment amount from the monthly benefit issuance, and automatically generates a notice to the client concerning the overpayment or underpayment. The collection system deducts recoupments as part of the issuance process.

- **Computer Matching.** Searches against outside data files take place at the time of initial application and when new household members are added to a case. Databases that are matched against daily, in a batch mode, include State wages, Unemployment Insurance, Social Security Administration (SSA) benefits, and Supplementary Security Income (SSI) benefits. General Assistance and Medicaid participation files are matched against monthly. In addition, New Jersey performs

periodic computer matching against AFDC and FSP participation files from several neighboring states. This matching is performed via tape exchange.

The system reports to the EW only those discrepancies that exceed a specified threshold. Discrepancies are reported through paper output reports only, and the items cannot be reviewed or deleted on-line by the worker. EWs are responsible for manually tracking matching resolutions.

- **Alerts.** FAMIS does not provide any on-line alerts.
- **Monthly Reporting.** Monthly reporting is supported by FAMIS; however, the function is not used by the FSP.
- **Report Generation.** The system does not provide on-line reports to workers; however, FAMIS generates several types of batch reports centrally. Some of the smaller reports can be sent to local printers from the central site. The system also supports ad hoc management reporting using MAGNA-8. In addition, the system provides the basic information to allow staff to produce required FNS reports.
- **Program Management and Administration.** FAMIS does not support the program management features that may be present in newer systems, such as electronic mail, on-line policy manuals, workload allocation monitoring, and on-line case narratives.

3.2 Level of Integration/Complexity

FAMIS provides integrated support for the AFDC and Food Stamp Programs and AFDC-related Medicaid eligibility determination. The system has an integrated claims module, and FAMIS also interfaces with a claims tracking system, ABACUS, that is in place in approximately 12 counties.

FAMIS development was completed about seven years ago; as a result, the system's level of complexity is relatively low compared with newer, automated State systems. The system requires workers to complete coding sheets, from which data entry operators input data into the system. The system does not support interactive interviews or on-line eligibility determination or updates.

3.3 Workstation/Caseworker Ratio

State staff estimated that currently there is one terminal for every four or five eligibility workers. Terminals also are available for other local office personnel, data entry operators, and State administrative and systems personnel.

3.4 Current Automation Issues

New Jersey plans to modify its environment to accommodate increasing caseloads and functional changes. More terminals will be installed to increase system effectiveness. An on-line EBT system will be implemented in three counties. The EBT system will support benefit issuance for the Food Stamp, AFDC and Child Support Enforcement Programs. State program staff also indicated that the development of a new system is being considered, and some planning activities have been started. The State has initiated a feasibility study and began working on an Advanced Planning Document.

Program staff generally were satisfied with the system support provided by State MIS staff. Staff indicated that system changes were made within the required timeframes, and that State technical staff responsible for making these changes had adequate capabilities. Staff indicated, however, that reductions in the level of technical staff supporting the system -- in combination with other changes such as State budget cuts, hiring freezes, and new Federal requirements -- had an impact on the performance and operations of FAMIS.

4.0 SYSTEM DEVELOPMENT AND IMPLEMENTATION

This section discusses the approaches used in New Jersey during the development and implementation of the Family Assistance Management Information System.

4.1 Overview of the Previous System

Limited information about New Jersey's previous system, CODES, was provided by State staff. CODES, which was transferred from Oklahoma, was operational in New Jersey from 1979 until FAMIS became operational. State staff indicated that CODES supported FSP operations by providing on-line inquiry, on-line edit, and notice generation capabilities.

4.2 Justification for the New System

FAMIS APDs indicated that the State expected several benefits to result from the new system including reduced errors, reduced administrative costs, and the ability to handle growing caseloads without increasing caseworker staff. Expected annual cost savings were as follows:

- Error reduction - \$10,000,000
- System operations cost reduction - \$393,000
- Administrative cost reduction - \$1,300,000

In addition, State officials believed that a new system would result in several intangible benefits, such as increased worker productivity, more accurate and timely reporting, improved client service, and improved management controls.

4.3 Development and Implementation Activities

New Jersey originally decided to develop a new automated eligibility determination and benefit issuance system in 1979. In 1981, the State staff began working on an APD for FAMIS and other documentation including a five-volume functional specification.

Several APDs were prepared for the development effort. The first approved APD was submitted to DHHS in May 1983 and approved by DHHS in August 1983. The system discussed in the original APD did not support FSP requirements. An APD, which included FSP requirements in FAMIS, was submitted to FNS in April 1984 and approved in August 1984. Budget revisions were made and another APD was prepared. This APD was submitted in July 1985 and approved by March 1986.

Most system development activities occurred between 1984 and 1986. The feasibility study, capacity study, and requirements analysis were completed in August 1984, November 1984, and December 1984, respectively. The general system design was completed in August 1985. Development occurred in two stages. The first stage consisted of 13 distinct phases and focused on basic system functionality. During the second stage, the functionality of the system was enhanced. The system test plans were completed in February 1986. Systems testing was completed in June 1986.

Implementation activities occurred in 1986 and 1987. Two counties, Burlington and Mercer, were converted as pilot test sites. The remaining 19 counties were converted in sequenced groups after this. Statewide implementation was completed by March 1987.

4.4 Conversion Approach

The conversion approach was based on the automatic conversion of all cases from the old database. Staff indicated that there were some difficulties in converting cases that involved FSP claims and AFDC recoupments. State staff also indicated that the timeframe allotted for the conversion was adequate.

Initial training for FAMIS involved one week of classroom training, which was not program specific, for both EWs and EW supervisors. State staff indicated that the initial system training was inadequate. Program staff believed that the trainers did not understand all aspects of the new system, and as a result, workers had a great deal of difficulty learning to use the system.

4.5 Project Management

The FAMIS project management team included the project manager, two MIS personnel, one contractor, and one State generic program staff member. The FAMIS project manager's background included three years experience in the programmatic area and five years experience in the systems area. From an organizational perspective, DFD was responsible for the project, and the FAMIS project manager reported to DFD management personnel.

Executive oversight for the project was provided by a steering committee. In 1981, this committee was established and included three MIS managers, a development director, and a representative of the State Office of Management and Budget (OMB). This group was disbanded in 1983, and a new steering committee was formed in 1984. Committee representatives included the Director of the DFD, the OTIS project manager, the DFD project manager, and a contractor.

4.6 FSP Participation

FSP program personnel, both field personnel and State policy staff, were involved during FAMIS development. The primary responsibilities of FSP personnel were reviewing project progress and providing input to the project management team. Formal user groups were not utilized during the system development effort.

4.7 MIS Participation

MIS staff participated in most development activities during all phases of the project. A total of 35 MIS personnel were involved including three managers, six system analysts, one programmer analyst, 19 programmers, and six test analysts.

Contractors were used to supplement State staff. Four contractor system analysts were employed during the planning and implementation phases of the development effort. Two contractor staff remained involved in the project for 24 months after the system became fully operational to provide support in programming and analysis activities.

4.8 Problems Encountered During Development and Implementation

State staff indicated that between 1981 and 1983 project planning was ineffective. This impacted future activities because the State had to reduce time spent on later activities to make up for this lost time.

The scope of the project was initially underestimated, and the scheduled completion dates were difficult to meet as functionality was added to the system. The schedule, however, was driven by Federal deadlines. The Federal agencies required New Jersey to begin pilot implementation by May 1986 to receive Federal funding. This requirement forced the State to compress its development effort.

State staff indicated that there were some problems with implementation and conversion.

5.0 TRANSFERABILITY

The FAMIS system was developed by State staff with limited contractor support. State staff indicated that one reason why the State decided to develop the system internally rather than transfer a system from another State was its previous negative experiences with transferring another system and modifying it. This approach was used with CODES.

The potential transferability of FAMIS is limited by several factors. FAMIS does not provide the level of integration or automation that other systems do. Because New Jersey staff, rather than contractor staff, had the primary role in system development, staff most familiar with the FAMIS design and system code are not available to implement the system in other States. The age of the system and the Honeywell hardware platform also limit FAMIS' attractiveness as a transfer candidate.

6.0 SYSTEM OPERATIONS

The following section provides a description of the New Jersey FAMIS. The description includes a profile of system hardware and a discussion of the system operating environment.

6.1 System Profile

The components supporting FAMIS are as follows:

- **Mainframe:** Honeywell DPS 90/62
GCOS8, TP8, Tape Management
- **Disk:** Honeywell 8390
- **Tape:** Cartridge - Storage Tek 4780
Honeywell CSU 6500
Reel - Honeywell MTU 8700
Silo - Storage Tek 4400
- **Printers:** Impact - Honeywell PRU 9808
Laser - Delphax 4140
- **Front Ends:** Honeywell Datanet 7500
- **Workstations:** Three types of Honeywell terminals
- **Telecommunications:** Honeywell Bull HDLC supporting 42 9.6 KB circuits

A detailed listing is provided as Exhibit A-6.1 in Appendix A.

6.2 Description of Operating Environment

The operating environment consists of several components. This section describes these components, which include the current operating environment, maintenance, telecommunications, performance, response time, system downtime, and plans for future hardware and software enhancements.

6.2.1 Operating Environment

The New Jersey Department of Treasury has responsibility for overseeing the Office of Telecommunications and Information Systems, which operates and supports FAMIS and other applications residing on the DPS 90/62.

The OTIS data center facility is located in West Trenton and is one of three remaining data centers consolidated from seven individual locations over the past several years. The former DFD facility was merged into the current operation in 1992. In addition to the DPS 90, OTIS also supports an IBM 3090/600J that processes work for the State Departments of Transportation, Purchasing, and Treasury and provides development support for other State agencies. The 3090/600J does not support the FAMIS application.

The OTIS data center is a 24 hour per day, seven day per week operation. On-line processing for FAMIS can occur between 7:30 a.m. and 5:00 p.m. Batch processing begins at 5:00 p.m. The batch cycle usually runs until 2:00 a.m., but it can run as late as 7:00 a.m. during peak processing periods.

There are no regions on the DPS 90, but mainframe resources are split between production and test areas. Test output is spooled to the IBM mainframe through a hyperchannel for printing from the IBM print spool.

The DPS 90 runs under GCOS8. TP8 is used as the transaction processor and for teleprocessing control. TMS is used for tape management, and software security is managed by GCOS8. New Jersey is using COBOL II and the UFAS access method to support FAMIS.

There are 22 Honeywell DPS 6 minicomputers located in regional offices throughout the State. They are used as terminal controllers and telecommunications concentrators. The minicomputers do not provide distributed intelligence for the FAMIS application.

An uninterruptible power supply (UPS) is installed to provide both battery and generator backup for the data center. Power fluctuations occur regularly, but the UPS system has enabled the data center to continue processing without interruption. The diesel generator is automatically brought into service several times a month.

As of October 15, 1993, there is no disaster recovery plan in place to support the DFD applications at the present time. The State data center manager indicated that a plan to install the old DPS processor in an alternate site as the backup unit has been proposed,

but the plan has not been approved. State staff indicated that this would provide a cost-effective approach to disaster recovery since the system is fully depreciated and Honeywell has agreed to provide maintenance support at 25 percent of normal fees if the use of the backup site is restricted (e.g., data files are not loaded and programs are not run, but the operating system and CPU are up and operational). Several attempts have been made to run the Human Services applications on a backup processor, but only FAMIS could be run successfully. Establishment of formal plans are pending until the installation of a backup CPU is approved.

6.2.2 State Operations and Maintenance

Operations and support staff consists of the following type and number of personnel: 61 data center operations staff (including staff for IBM and Honeywell mainframes at OTIS), six systems programmers, nine database administration staff, five network support staff, eight scheduling personnel, and three technical support staff. FAMIS application support staff consists of 16 people.

State representatives indicated that current staffing levels are sufficient to support the FAMIS application. Because there has been a statewide hiring freeze in place for several years, attrition is a potential risk. State staff indicated that total staffing level is down from previous years, but since the system is seven years old, the reduction has not had a major impact on the staff's ability to support the application. Staff retention is not a major problem in New Jersey because economic conditions have limited the number of external opportunities in the area.

Hardware and software maintenance usually are planned for Sundays because production normally is not scheduled then. Full disk backups are performed every weekend and stored off-site. Incremental backups are performed nightly for individual applications.

6.2.3 Telecommunications

New Jersey has a number of networks within the State, including one considered to be a statewide connection. FAMIS uses a dedicated Human Services network consisting of a portion of two T1 circuits that connect two nodes located in Jersey City and Atlantic City, respectively. Individual, dedicated 9.6 KB circuits are used to connect the nodes to local or regional offices. From the Jersey City node, the network uses four 56 KB circuits carved from a T1 link to connect two remote Datanet front end processors (FEP) to the OTIS data center. From Jersey City, 25 local offices are connected to the FEPs through 9.6 KB dedicated circuits using the Honeywell HDLC (X.25) protocol. Atlantic City is connected to Jersey City through two 56 KB circuits that connect to 17 9.6 KB circuits supporting local offices in southern New Jersey. Backup connections allow reconfiguration of the network to bypass node outages, but there is no disaster recovery capability in place to route the network to an alternate processing site once one is established.

6.2.4 System Performance

The Honeywell DPS 90/62 has been installed for only one year. The system averages 23 percent utilization with FAMIS using approximately 80 percent of the system's processing resources. State staff believe that capacity is adequate to support all Human Services system applications over the next one to two years because only Human Services applications use the Honeywell platform. Any major replacement activity would require an evaluation of the hardware platform capacity and entail justification of the need for increased processing capability.

The daily transaction volume for FAMIS is approximately 4,700 transactions, of which roughly 2,500 transactions are attributed to food stamp activity. Because FAMIS is a batch-oriented system, a transaction is defined as a new or modified system record, and transaction counts are not based on the number of times an "enter" key is pressed.

6.2.5 System Response

The State does not maintain timings for terminal response time, the time needed to get a response after the enter key is hit; however, DFD and OTIS staff indicated that response times are normally in the three to four second range. State staff also indicated that there were few complaints from the field concerning normal response times or regularly occurring periods of degraded response time. State staff did not indicate any specific concerns regarding response time. Furthermore, the basic batch data entry nature of the system decreases the importance of response time for field staff except for inquiries.

6.2.6 System Downtime

State staff indicated that there are few current problems with system availability or unscheduled outages. The data center director and DFD systems staff indicated that major problems have been tied to power fluctuations, which have been eliminated with the implementation of the UPS system. OTIS estimated that the percentage of time that the system was ready and able to process transactions, based on its scheduled availability, exceeded 99 percent. Neither DFD programmatic or systems staff indicated that system reliability was a problem.

6.2.7 Current Activities and Future Plans

New Jersey currently has plans for the following systems-related activities:

- Upgrade TP8 to DMIVTP beginning in early 1994. This is expected to take an extensive period of time to accomplish. DMIVTP has not been supported for over two years.
- Review upgrade plans to include Ethernet capabilities in the network to provide the ability to increase bandwidth for future requirements.

- Gain approval for the installation of the previously installed DPS 90 processor as a backup system for Human Services. The proposal has been pending approval in Human Services for six months.
- Install additional Storage Tek silos for use in normal production activities and as backups in conjunction with other State data centers in the area.

7.0 COST AND COST ALLOCATION

This section addresses the following topics: New Jersey FAMIS development costs and approved Federal funding, ongoing FAMIS operating costs, and cost allocation methodologies applied to allocating development and operating costs.

A consistent and comprehensive set of cost records for the system's development was not available. Written correspondence between FNS and New Jersey concerning FAMIS funding approval was not available for review. The record set reviewed was comprised of miscellaneous documents that covered a variety of development components.

7.1 FAMIS Development Costs and Federal Funding

Planning for FAMIS, which was conceptualized in 1979, occurred between 1981 and 1983. The initial approved FAMIS APD was submitted to DHHS in 1983. Food stamp requirements were added to the system, and FNS approved the APD in 1984. The system became operational statewide in 1987. FAMIS development costs incurred from July 1980 through September 1987 totalled \$32 million:³

- Through June 1985, development costs incurred for FAMIS totalled \$14.0 million.
- Between July 1985 and March 1987, when all counties had become operational, an additional \$17.6 million in development costs were incurred.
- An additional \$400,000 was incurred through September 1987.

The FSP share of development costs was approximately \$2 million.⁴ The Federal financial participation (FFP) rate was reported to be 75 percent.⁵

Although the original APD for FAMIS was submitted in 1981, the first approved APD was submitted in 1983. New Jersey submitted its first APD to FNS in April 1984; FNS

³ Family Assistance Management Information System, March 23, 1988, a computer-generated report.

⁴ State Automation Survey, Food Stamp Program, *Cost Accounting Interview Guide and Survey*, September 8, 1993, p. 7.

⁵ Documentation to substantiate approval of the 75 percent FFP was not available. The FNS FFP for the system development effort for CODES, the predecessor system that supported the Food Stamp Program, was reported to be 75 percent.

approval was granted in August 1984.⁶ The estimated system development cost was approximately \$20 million.⁷

7.1.1 FAMIS System Components

New Jersey FAMIS was originally designed to support the Food Stamp and AFDC Programs and Medicaid eligibility; however, FSP support was limited to a conversion of CODES. Food Stamp Program enhancements subsequently were added to FAMIS.

7.1.2 Major Development Cost Components

A complete breakdown of FAMIS costs by component was not available. The summary information provided in the following sections was derived from a variety of sources as indicated in footnotes.

7.1.2.1 Hardware

The proposed hardware to be purchased for FAMIS included:⁸

- Twenty-four minicomputers with high speed printers
- Ninety-three printers to be distributed in a ratio of one printer for every five terminals
- One hundred twenty modems
- An unspecified number of microcomputers to be distributed in each county in a ratio of one microcomputer for every five terminals with a minimum of one microcomputer for each county

The actual costs or quantity of hardware devices purchased for FAMIS were not available.

APD Supplement Section 6.0, *Plan for Cost Allocation Among Programs*, stated: "The statewide communications network, the central processor configuration, and the operating software utilized by the Human Services Data Center all require upgrade to be compatible to the total FAMIS system concept. The change in hardware, from three Honeywell DPS8-70 units to two DPS-88s...necessitated physical renovations..."⁹ The costs of the upgraded processors were built into the OTIS billing rates.

⁶ These dates were provided by New Jersey in the Survey, p. 20. Since no approval correspondence was reviewed, the approval dates and any approval amounts cannot be substantiated.

⁷ State Automation Survey, Food Stamp Program, *Cost Accounting Interview Guide and Survey*, September 8, 1993, p. 7.

⁸ *Annual Supplement to APD for the Family Assistance MIS in the State of New Jersey*, May 1985.

⁹ Section 6.1.4, *Proposed Allocation of Costs for Network, Software, and Capital Improvements*, p. 124.

7.1.2.2 Contractor Costs

Available records pertaining to contractor costs covered State Fiscal Years (SFY) 1986 and 1987. These costs, totalling over \$2.9 million, were incurred by two contractors:

- **Honeywell.** Honeywell was awarded a time and materials contract for FAMIS development and implementation support. The support included system testing and independent verification and validation (IV&V). Honeywell charges totalled at least \$1,591,746:
 - Charges for SFY 1986 totalled \$1,031,738; the FNS share was \$11,094.¹⁰
 - Charges for SFY 1987 totalled \$560,008 for 1,389.6 person-days at \$403 per person-day. The FNS share was not provided.¹¹
- **CACI, Inc.** CACI charges for SFY 1986 and SFY 1987 totalled \$1,339,436. Available information showed that:
 - For SFY 1986, CACI charged the Department \$876,088 for services; the FNS share was \$7,419.¹²
 - For SFY 1987, CACI charged the Department \$463,348 for 1029.66 person-days at \$450 per person-day. The FNS share was not provided.¹³

7.1.2.3 State Personnel Costs

Information pertaining to State personnel costs was available for SFY 1986 only. Total FAMIS development costs for that year were reported to be \$8,243,709; personnel costs for that year and their percentage of total costs are presented in Table 7.1, State Personnel Costs, State FY 1986.¹⁴

¹⁰ Honeywell Vendor Charges by Task - Fiscal Year 1986.

¹¹ MIS Vendor Report Totals, SFY 1987.

¹² CACI Vendor Charges by Task - Fiscal Year 1986.

¹³ MIS Vendor Report Totals, SFY 1987.

¹⁴ FAMIS Claim Analysis, FSA Proposal, SFY 1986, January 24, 1989.

Table 7.1 State Personnel Costs, State FY 1986

Personnel	SFY 1986 Cost	% of Total SFY 1986 Cost
Department	\$1,997,261	24.23%
County	\$290,719	3.53%

7.2 Operational Costs

Table 7.2, FAMIS Operating Costs, shows the FAMIS operating costs and the share of those costs attributed to food stamp processing for each Fiscal Year since Federal Fiscal Year (FFY) 1990. The higher FNS share for FFY 1993 is due to changes in the cost allocation method.

The table also shows costs allocated to FNS via the SF-269, ADP OPER COSTS column. In each year except 1993, the majority of annual operating costs allocated to FNS are not FAMIS operating costs. Records show that the majority of costs included in this column were incurred in the 21 counties for data entry personnel costs.

Table 7.2 FAMIS Operating Costs

FEDERAL FISCAL YEAR	TOTAL FAMIS OPERATING COSTS	FNS SHARE OF FAMIS OPERATING COSTS		SF-269 ADP OPER COSTS	
		\$	%	\$	FAMIS %
1990	10,951,972	4,467,890	40.80	9,823,771	45.48
1991	11,567,946	4,976,363	43.02	11,620,713	42.82
1992	10,920,208	4,435,837	40.62	11,083,377	40.02
1993 (3 qtrs)	10,643,304	5,193,258	48.79	9,040,245	57.45

Table 7.3, FAMIS OTIS Costs, presents a breakdown of OTIS charges for FAMIS operations for a 12-month period. The table shows that charges for CPU usage (33.7 percent) and telecommunications (31 percent) accounted for almost two-thirds of all OTIS charges.

Table 7.3. FAMIS OTIS Costs

OTIS SERVICE	OTIS CHARGE	% OF TOTAL
Personnel	\$1,874,777	18.8%
CPU	\$3,357,755	33.7%
Data Storage	\$631,502	6.3%
Printing	\$1,014,340	10.2%
Network	\$3,078,712	31.0%
Total	\$9,957,086	100.0%

7.2.1 Cost Per Case

The cost per case for FY 1992 was \$1.81. This cost was calculated using the 1992 food stamp monthly caseload of 204,510 households and the average monthly FNS share of FAMIS operating costs, \$369,653.

7.2.2 ADP Operational Cost Control Measures and Practices

OTIS provides all FAMIS processing services to the Department. OTIS bills the Department monthly for these services based on a rate schedule that enables OTIS to recover all routine operating costs. The rates are based on projected financial and resource utilization data available at the beginning of each fiscal year. This rate is referred to as a budgeted, or interim rate. Budgeted rates are revised later in the fiscal year, as actual financial and resource utilization data are accumulated.

For Federal claims, budgeted rates are developed to recover only those operating costs which are eligible for Federal reimbursement consistent with the cost principles contained in OMB A-87. In certain instances, limitations imposed by agreements contained in Advanced Planning Documents are taken into account as well. Differences between State full costs and Federal claim costs include annual interest costs incurred on installment sales or master leases, which are not reimbursed per OMB A-87. Rate adjustments are also made to accommodate OMB A-87 requirements to allow for depreciation charges for capital expenditures for equipment that the State may view as an expense to be reported in the period in which it was incurred.

Rates are used to determine personnel and operational costs. Personnel rates are established for project managers, programmers, analysts, and database analysts. Operational rates are established for CPU usage, disk and tape channel time, lines of print, and network transactions. The Resource Accounting Chargeback System (RACS) accumulates the operating statistics against which the OTIS operating rates are applied.

7.3 New Jersey Cost Allocation Methodologies

This section describes the methodologies used to allocate FAMIS development costs and those currently in use to allocate FAMIS operating costs.

7.3.1 Historical Overview of Development Cost Allocation Methodology

The allocation of estimated development costs to DHHS and FNS for certain specified subsystems and interfaces used five categories of costs described below.¹⁵ The total costs of items within each of the five categories was estimated. The total cost of the five categories was then calculated. The percentage of costs for each category, based on the total cost for all categories, then was calculated. The categories were as follows:

- *Category 1* included costs for items that benefitted AFDC exclusively. Category 1 costs were slightly more than 3 percent of the total costs.
- *Category 2* included costs for items which benefitted AFDC and also incidentally benefitted the Food Stamp Program, without additional expenditure of effort on tasks unique to FSP requirements. More than 80 percent of FAMIS cost items were included in this category.
- *Category 3* included costs for items that benefitted only the Food Stamp Program and represented conversion of existing CODES functions required for FAMIS without significant enhancement. These costs accounted for less than 1 percent of estimated FAMIS costs.
- *Category 4* included costs for items that benefitted only the Food Stamp Program and significantly enhanced existing functionality. These costs accounted for 2 percent of total costs.
- *Category 5* included costs for items that benefitted both programs. These items were new or required significant additional development work, but did not readily reduce to tasks unique to the constituent programs. More than 12 percent of FAMIS cost items were included in this category. The share of this category to be allocated to FNS was based on determining the costs of those benefits gained over and above those incidentally accrued to the FSP from the implementation of an AFDC-only system. The percentage of costs in this category allocated to FNS totalled less than three percent.

Using these five categories, \$967,000 of the proposed FAMIS costs, exclusive of equipment costs, was allocated to the Food Stamp Program.

¹⁵ APD Supplement 2, pp. 113-129.

7.3.2 FAMIS Operational Cost Allocation Methodology and Mechanics

The methodology currently used allocates costs accumulated within functions, which are commonly referred to as functional activities. A function is comprised of one or more cost centers. The costs accumulated into these cost centers are further accumulated by function. Each function is identified by the letter "F" followed by a two character designation.

The cost finding and reporting methodology reflects the organizational structure and programs of the New Jersey Department of Human Services, Division of Family Development. The methodology requires functions to be grouped into three organizationally-related service groups:¹⁶

- Overhead Services
- Support Services
- Program Services

The following sections provide additional detail about these service groups. Program Services are discussed in Table 7.4, Direct Cost Functions, and include Food Stamps - USDA and Food Stamps - FAMIS Operational functional organizations. Overhead Services and Support Services are addressed in Exhibit A-7.1, Allocated Functions.

The New Jersey Department of Human Services uses a step-down method to allocate function costs to the various Federally-funded programs. This method recognizes that the cost of services rendered by certain non-revenue producing centers are utilized by certain other non-revenue producing centers as well as by the revenue-producing centers.

All costs of non-revenue producing cost centers are allocated to all centers which they serve, regardless of whether these centers produce revenue. The costs of the non-revenue producing center serving the greatest number of other centers, while receiving benefits from the least number of centers, is apportioned first. Following the apportionment of the cost of the non-revenue producing center, that center is "closed" and no further costs are apportioned to it. This applies even though it may have received some service from a center whose cost is apportioned later. Generally, when two centers render service to an equal number of centers while receiving benefits from an equal number, the center that has the greatest amount of expense should be allocated first.

Eventually, all the costs accumulated for functions identified as part of the overhead service and support service groups are allocated to the program service group functions, which are the same as direct charge pools.

¹⁶ The Program Services are addressed in Table 7.4, Direct Cost Functions and include Food Stamps - USDA and Food Stamps - FAMIS Operational functional organizations. The Overhead Services and Support Services are addressed in Table 7-5, Allocated Functions.

7.3.2.1 Direct Charge Functions

Table 7.4, Direct Cost Functions, represents the functions that have been used to accumulate all allocated costs associated with the Food Stamp Program.

Table 7.4. Direct Cost Functions

FUNCTION/FUNCTIONAL ORGANIZATION		COST ITEMS
F59	Data Center Billings	OTIS charges to the Function F4, Food Stamp - USDA, for data processing services provided in accordance with the OTIS billing methodology.
F4	Food Stamp - USDA	All costs of all central office staff who supervise New Jersey's Food Stamp Program and whose activities are reimbursed by USDA at 50 percent.
F53	Food Stamp - FAMIS Operational	All allocated costs of the OIS-Technical Support and OIS - Administration functions assignable to FAMIS operational activities

APPENDIX A

STATE OF NEW JERSEY

EXHIBITS

THE ORKAND CORPORATION

Exhibit A-2.1
Response to Regulatory Changes

Code	Regulation	Provision	Federally Required Implementation Date	Implemented on Time (Y/N)?	Computer Programming Changes Required (Y/N)?	Changes to State Policy/ Legislation Required (Y/N)?
1.1	1: Mickey Leland Memorial Domestic Hunger Relief Act	1: Excludes as income State or local GA payments to DHHS provided as vendor payments. 273.9(c)(1)(ii)(F)	8/1/91	N/A	N/A	N/A
1.2	1: Mickey Leland Memorial Domestic Hunger Relief Act	2: Excludes from income annual school clothing allowance however paid. 273.9(c)(5)(i)(F)	8/1/91	N/A	N/A	N/A
1.3	1: Mickey Leland Memorial Domestic Hunger Relief Act	3: Excludes as resource for Food Stamp purposes, household resources exempt by Public Assistance (PA) and SSI in mixed household. 273.8(e)(17)	2/1/92*	Y	N	N
1.4	1: Mickey Leland Memorial Domestic Hunger Relief Act	4: State agency shall use a standard estimate of shelter expense for households with homeless members. 273.9(d)(5)(i)	2/1/92*	Y	Y	N
2.1	2: Administrative Improvement & Simplification Provisions of the Hunger Prevention Act	1: Extended resource exclusion of farm property and vehicles. 273.8(e)(5),etc.	7/1/89	Y	N	N
2.2	2: Administrative Improvement & Simplification Provisions of the Hunger Prevention Act	2: Combined initial allotment under normal time frames. 274.2(b)(2)	1/1/90	Y	Y	N
2.3	2: Administrative Improvement & Simplification Provisions of the Hunger Prevention Act	3: Combined initial allotment under expedited service time frames. 274.2(b)(3)	1/1/90	Y	Y	N

Exhibit A-2.1
Response to Regulatory Changes

Code	Regulation	Provision	Federally Required Implementation Date	Implemented on Time (Y/N)?	Computer Programming Changes Required (Y/N)?	Changes to State Policy/ Legislation Required (Y/N)?
3.1	3: Disaster Assistance Act & Non-Discretionary Provisions of the Hunger Prevention Act	1: Exclusion of job stream migrant vendor payments. 273.9(c)(1)(ii)	9/1/88	Y	N	N
3.2	3: Disaster Assistance Act & Non-Discretionary Provisions of the Hunger Prevention Act	2: Exclusion of advance earned income tax credit payments. 273.9(c)(14)	1/1/89*	Y	N	N
3.3	3: Disaster Assistance Act & Non-Discretionary Provisions of the Hunger Prevention Act	3: Increase dependent care deductions. 273.9(f)(4), etc.	10/1/88	Y	Y	N
3.4	3: Disaster Assistance Act & Non-Discretionary Provisions of the Hunger Prevention Act	4: Eliminate migrant initial month proration. 273.10(a)(1)(ii)	9/1/88	Y	N	N
4.1	4: Issuance	1: Mail issuance must be staggered over at least ten days. 274.2(c)(1)	4/1/89	N/A	N/A	N/A
4.2	4: Issuance	2: Limitation on the number of replacement issuances. 274.6(b)(2)	10/1/89	Y	N	N
4.3	4: Issuance	3: Destruction of unusable coupons within 30 days. 274.7(f)	4/1/89	Y	N	N

* These dates were changed after the State completed this form and the site visit occurred; therefore, the responses to these particular regulatory changes may be inaccurate.

Exhibit A-6.1
State of New Jersey Hardware Inventory

Component	Make	Acquisition Method	Number/ Features
CPU			
DPS 90/62	Honeywell	Purchase	24 channels, 128 MB main storage, 40 MIPS
DISK			
8390	Honeywell	Purchase	Controllers (3) Drives - 3390 (18)
TAPE			
Reel Tape Drives	Honeywell	Purchase	MTU 8700 (4)
Cartridge Drives	Honeywell	Purchase	6500 (8)
	Storage Tek	Purchase	4780 (8)
		Purchase	4400 Silo (1)
PRINTERS			
Impact	Honeywell	Purchase	PRU 9808 (3)
Laser	Delphax	Purchase	4140 (3)
FRONT ENDS			
FEP	Honeywell	Purchase	Datanet 7500 (4)
REMOTE EQUIPMENT			
Workstations	Honeywell	Purchase	A7305s, HDS7, 7824 terminals (1,450 - est.)

**Exhibit A-7.1
Allocated Functions**

FUNCTION		COST ITEMS	ALLOCATION BASIS
OVERHEAD SERVICES			
F60	Rent/Depreciation/Use Allowance	Costs associated with these items.	Average staff count for the current quarter of selected overhead, support, and program services including Function F4, Food Stamp - USDA.
F61	Statewide Indirect Cost	Costs incurred by State Treasury and allocated to the Division determined from Department Management cost allocation plan.	
F62	Department Indirect Cost - Overall	Cost incurred at Department Management and allocated to the Division determined from the Department Management cost allocation plan.	
F65	Fringe Benefits	Costs calculated based on a fixed percentage rate of total salary expenditures. The fixed percentage rate is assigned at the beginning of each State fiscal year as a result of negotiations between the Department of Human Services and the Department of Health and Human Services Regional Administrative Support Center and will include, where necessary, an adjustment for actual expenditures in the prior year.	Salaries of all functions.
F64	Human Resource Development Institute (HRDI) - Training	Costs incurred by the institute to provide training management services and course delivery for all agencies of the State. Costs are assigned to the Division based upon procedures contained in the HRDI cost allocation methodology.	Total hours of training provided to personnel from Function F4, Food Stamp - USDA, as a percentage of all hours of training provided by HRDI trainers.
F40	Overall (Divisional) Overhead	Costs for the Director's office and several support units including special management research groups, accounting and budgeting groups, and central personnel units which support both reimbursable administrative functions and the General Assistance programs. Also contains general non-assignable non-salary costs which include, but are not limited to those incurred for telephones, postage, insurance, and supplies.	Average staff count for Function F4, Food Stamp - USDA, for the current quarter.
F26	OIS - Technical Support	Costs of all central office staff engaged in activities related to systems planning, development, operations, and maintenance.	Percentage of time spent by staff and reflected as full time equivalent positions in Function F53, Food Stamp - FAMIS/Operational.
F27	OIS - Administration	Costs for all staff in the Office of Information Systems, Assistant Director's Office and the Personnel Administration Unit engaged in the administration of the systems planning, development, operations, and maintenance functions.	OIS technical support staff count assigned to Function F53, Food Stamp - FAMIS/Operational.

**Exhibit A-7.1
Allocated Functions**

FUNCTION		COST ITEMS	ALLOCATION BASIS
F17	Office of County Operations - Program Support	Costs of Office of County Operations staff that provide assistance to and oversee the operations of county welfare agencies.	Percentage of time spent by the staff and reflected as full time equivalent positions to Function F4, Food Stamp/USDA.
F20	Office of County Operations - Child Care Operations	Costs of staff in the Office of County Operations - Child Care Operations Unit who primarily provide assistance to and oversee the child care programs of the county welfare agencies.	Percentage of time spent by staff and reflected as full time equivalent positions to Function F4, Food Stamp/USDA.
F12	Quality Control	Costs of central office staff in the Bureau of Quality Control engaged solely in quality control activities.	Staff count of quality control reviewers assigned to Function F4, Food Stamp/USDA during the middle month of the quarter.
SUPPORT SERVICES			
F29	OTIS Network Charges - Telecommunications	Portion of OTIS charges that relate to telecommunications costs assigned to the Division by the OTIS data center.	Total number of terminal transactions for Function F53, Food Stamp - FAMIS/Operational.
F47	Wage Reporting	Data processing costs incurred in the operation of the Wage Reporting system, the computer matching system used to detect fraudulent assistance payments.	Weighted number of specific and joint records submitted to the Department of Labor during the current quarter for Function F4, Food Stamp/USDA.
F13	Fair Hearings	Costs of all central office staff in the Bureau of Administrative Review and Appeals, Fair Hearings cost center engaged in fair hearings activities.	Number of specific and joint fair hearing requests received during the current quarter associated with Function F4, Food Stamp/USDA.
F68	Fair Hearings - OAL Charges	Total expenses charged to the Division for fair hearings conducted by the State Office of Administrative Law (OAL).	Number of specific and joint fair hearing requests transmitted by the Division to OAL during the current quarter associated with Function F4, Food Stamp/USDA.
F19	Income Eligibility Verification System	All allocated costs of the OIS-Technical Support and OIS-Administration function as well as staff in the Bureau of Integrity Control that monitor all information collected to ensure the security and confidentiality of the data and perform all other administrative functions.	Unduplicated number of cases receiving maintenance payments, Food Stamp, and Medical Assistance during the prior quarter to the following functions: F4, Food Stamp/USDA; F75, AFDC-C/AFDC-F, Income Maintenance; F76, AFDC-N, Income Maintenance; and F21, Medical Assistance.
F2	Income Maintenance	Costs of staff reclassified from other functions as well as the allocated costs of the Office of County Operations and the CWA Activities which are assigned to Income Maintenance.	Random moment study (RMS) derived percentages of CWA Income Maintenance workers for the current quarter to the following functions: F4, Food Stamp/USDA; F75, AFDC-C/AFDC-F, Income Maintenance; F76, AFDC-N, Income Maintenance; F8, Home Energy Assistance; and F21, Medical Assistance.

Exhibit A-7.1
Allocated Functions

FUNCTION	COST ITEMS	ALLOCATION BASIS
F56 FAMIS Certified Equipment - 90%	Non-salary and data processing costs relating to the operations of the FAMIS for which 90% reimbursement is permissible in accordance with Title IV-A allowances.	Unduplicated number of cases receiving Maintenance Payments, Food Stamp benefits, and Medicaid during the prior quarter to the following functions: F54, FAMIS Certified Equipment-90%; AFDC-C/F Incremental; F53, Food Stamp, FAMIS/Operational; F76, AFDC-N Income Maintenance; and F34, Medical Assistance - OIS.
F57 FAMIS Operations - 50% Administration	Allocated costs of the OIS-Technical Support and OIS-Administration functions assignable to FAMIS operations activities as well as OTIS costs or other non-salary costs incurred specifically for the operations and maintenance of the FAMIS.	Unduplicated number of cases receiving Maintenance Payments, Food Stamp benefits, and Medicaid during the prior quarter to the following Functions: F55, FAMIS Operations - 50%, Administration, AFDC-C/F Incremental; F53, Food Stamp, FAMIS/Operational; F76, AFDC-N Income Maintenance; and F34, Medical Assistance - OIS.
F54 FAMIS Certified Equipment - 90% AFDC-C/F Incremental	Allocated costs of the FAMIS Certified Equipment - 90% function which are applicable to the AFDC-C/F and Food Stamp Programs.	RMS AFDC-C/F and Food Stamp percentages of CWA Income Maintenance workers for the current quarter in the following functions: F53, Food Stamp, FAMIS Operational and F50, FAMIS - 90%, Title IV-A.
F55 FAMIS Operations - 50% - Administration - AFDC-C/F Incremental	Allocated costs of the FAMIS Operations - 50% Administration function which are applicable to the AFDC-C/F and Food Stamp Programs.	RMS AFDC-C/F and Food Stamp percentages of CWA Income Maintenance workers for the current quarter of the following functions: F53, Food Stamp, FAMIS Operational and F51, FAMIS - 50%, Title IV-A.

APPENDIX B

STATE OF NEW JERSEY

ANALYSIS OF OPERATOR USER SATISFACTION SURVEYS

OVERVIEW

This appendix presents the results of the Operational Level User Satisfaction Survey. Frequency counts of responses to all applicable items on the survey are included, grouped by the topic covered by the item. The results for the items covering each topic are summarized as well.

The responses to the Operational Level User Satisfaction Survey represent the perceptions of eligibility workers (EWs) in New Jersey. In other words, these responses do not necessarily represent a "true" description of the situation in New Jersey. For example, the results presented regarding the response time of the system reflect the workers' perceptions about response time, not an objective measure of the actual speed of the response.

Description of the Sample

The following table summarizes the potential population size and the final size of the sample who responded.

Number of EWs in New Jersey	Number Selected to Receive Survey	Percentage Selected
1,555	63	4.1%
	Number Responding to Survey	Response Rate
	24	38.1%

The eligibility workers selected to receive the survey were selected randomly so their perceptions would be representative of EWs in New Jersey. The number of responses, however, is low and produces a small sample that may not be representative of the randomly selected group.

Summary of Findings

Overall, respondents generally are satisfied with the computer system in New Jersey. EWs think that the system provides acceptable response time, availability, accuracy, and ease of use. Nevertheless, workers' responses indicate some problems with particular features of the system. Workers also feel that the system generally has a positive impact on job satisfaction; a large majority thinks that the system is a great help.

Since New Jersey's current system has been operational since 1987, comparisons between the current and previous systems would be of limited value. Responses to comparative questions, therefore, are not solicited for systems that were implemented more than five years ago.

SYSTEM CHARACTERISTICS

Response Time

What is the quality of overall system response time?

	Number of Respondents	Percentage of Respondents (%)
Poor	4	16.7
Good	14	58.3
Excellent	6	25.0

What is the quality of system response time during peak periods?

	Number of Respondents	Percentage of Respondents (%)
Poor	8	33.3
Good	14	58.3
Excellent	2	8.3

How often is the system response time too slow?

	Number of Respondents	Percentage of Respondents (%)
Rarely	10	41.7
Sometimes	8	33.3
Often	6	25.0

Eligibility workers surveyed think that system response time is acceptable. More than 73 percent of EWs feel that overall system response time is good or excellent, and two thirds think response time during peak periods remains good or excellent.

Availability

How often is the system available when you need to use it?

	Number of Respondents	Percentage of Respondents (%)
Rarely	1	4.2
Sometimes	4	16.7
Often	19	79.2

How often is the system down?

	Number of Respondents	Percentage of Respondents (%)
Rarely	6	25.0
Sometimes	12	50.0
Often	6	25.0

A large majority of eligibility workers believes that the system often is available when they need to use it, but over 75 percent of EWs also think that the system is sometimes or often down. The system downtime, however, does not seem to be intrusive enough to detract from the perception that the system generally is available.

Accuracy

What is the quality of the information in the system?

	Number of Respondents	Percentage of Respondents (%)
Poor	2	8.3
Good	17	70.8
Excellent	5	20.8

How often is a case terminated in error?

	Number of Respondents	Percentage of Respondents (%)
Rarely	17	70.8
Sometimes	7	29.2

How often is eligibility incorrectly determined?

	Number of Respondents	Percentage of Respondents (%)
Rarely	21	87.5
Sometimes	2	8.3
Often	1	4.2

How often is the system's data out-of-date?

	Number of Respondents	Percentage of Respondents (%)
Rarely	18	75.0
Sometimes	4	16.7
Often	2	8.3

Most eligibility workers think the system's data and computations are quite accurate. Almost 92 percent of the workers feel that the quality of the information in the system is good or excellent. Significant majorities also believe that problems related to cases terminated in error, incorrect eligibility determination, and obsolete data are rare.

Ease of Use

How often do you have difficulty obtaining necessary information from the system?

	Number of Respondents	Percentage of Respondents (%)
Rarely	20	83.3
Sometimes	4	16.7

How often do you have difficulty learning to use the system?

	Number of Respondents	Percentage of Respondents (%)
Rarely	18	75.0
Sometimes	4	16.7
Often	2	8.3

How often do you have difficulty automatically terminating benefits for failure to file?

	Number of Respondents	Percentage of Respondents (%)
Rarely	18	94.7
Sometimes	1	5.3

How often do you have difficulty generating adverse action notices?

	Number of Respondents	Percentage of Respondents (%)
Rarely	14	82.4
Often	3	17.6

How often do you have difficulty generating warning notices?

	Number of Respondents	Percentage of Respondents (%)
Rarely	8	66.7
Sometimes	1	8.3
Often	3	25.0

How often do you have difficulty restoring benefits?

	Number of Respondents	Percentage of Respondents (%)
Rarely	20	83.3
Sometimes	2	8.3
Often	2	8.3

How often do you have difficulty identifying recipients already known to the State?

	Number of Respondents	Percentage of Respondents (%)
Rarely	17	73.9
Sometimes	6	26.1

How often do you have difficulty updating registration data?

	Number of Respondents	Percentage of Respondents (%)
Rarely	16	76.2
Sometimes	3	14.3
Often	2	9.5

How often do you have difficulty updating eligibility and benefit information from recertification data?

	Number of Respondents	Percentage of Respondents (%)
Rarely	20	95.2
Sometimes	1	4.8

How often do you have difficulty identifying cases which are overdue for recertification?

	Number of Respondents	Percentage of Respondents (%)
Rarely	21	95.5
Sometimes	1	4.5

How often do you have difficulty monitoring the status of all hearings?

	Number of Respondents	Percentage of Respondents (%)
Rarely	7	63.6
Sometimes	2	18.2
Often	2	18.2

How often do you have difficulty tracking outstanding verifications?

	Number of Respondents	Percentage of Respondents (%)
Rarely	10	55.6
Sometimes	5	27.8
Often	3	16.7

How often do you have difficulty automatically notifying households of case actions?

	Number of Respondents	Percentage of Respondents (%)
Rarely	15	75.0
Sometimes	2	10.0
Often	3	15.0

How often do you have difficulty notifying recipients that recertification is required?

	Number of Respondents	Percentage of Respondents (%)
Rarely	21	95.5
Sometimes	1	4.5

How often do you have difficulty identifying cases making payments through recoupment?

	Number of Respondents	Percentage of Respondents (%)
Rarely	17	73.9
Sometimes	3	13.0
Often	3	13.0

How often do you have difficulty identifying error prone cases?

	Number of Respondents	Percentage of Respondents (%)
Rarely	7	41.2
Sometimes	6	35.3
Often	4	23.5

How often do you have difficulty identifying cases involving suspected fraud?

	Number of Respondents	Percentage of Respondents (%)
Rarely	9	60.0
Sometimes	2	13.3
Often	4	26.7

How often do you have difficulty assigning new case numbers?

	Number of Respondents	Percentage of Respondents (%)
Rarely	10	90.9
Sometimes	1	9.1

Eligibility workers generally believe that the system is easy to use. For most functions, a large majority reports rarely having difficulty. There are several areas, however, in which a significant proportion of EWs reports sometimes or often having difficulty. These areas include: monitoring the status of hearings, tracking outstanding verifications, and identifying error prone and suspected fraud cases.

FOOD STAMP PROGRAM NEEDS

Worker Satisfaction Levels

How often is the system a great help to you in your job?

	Number of Respondents	Percentage of Respondents (%)
Rarely	2	8.3
Sometimes	5	20.8
Often	17	70.8

How often is the system an added stress in your job?

	Number of Respondents	Percentage of Respondents (%)
Rarely	11	45.8
Sometimes	10	41.7
Often	3	12.5

How often is the system more of a problem than a help?

	Number of Respondents	Percentage of Respondents (%)
Rarely	22	91.7
Sometimes	1	4.2
Often	1	4.2

EWs generally think that the system positively influences job satisfaction. A large majority of eligibility workers feels that the system helps them in their jobs. Although nearly 54 percent of the workers believe that the system contributes to job-related stress, almost 92 percent believe that the system usually is more helpful than problematic.

Client Service

How often is expedited service difficult to achieve?

	Number of Respondents	Percentage of Respondents (%)
Rarely	14	60.9
Sometimes	5	21.7
Often	4	17.4

How often do you have difficulty providing expedited services?

	Number of Respondents	Percentage of Respondents (%)
Rarely	14	66.7
Sometimes	3	14.3
Often	4	19.0

Although most EWs feel that there are few problems associated with providing expedited service to clients, a significant minority reports some difficulties in this area.

Fraud and Errors

No data are available to address fraud and errors with the New Jersey system because all the questions in this category compare the current and previous systems. Since New Jersey's system was implemented more than five years ago, comparative questions are not applicable.

APPENDIX C

STATE OF NEW JERSEY

ANALYSIS OF MANAGERIAL USER SATISFACTION SURVEYS

OVERVIEW

This appendix presents the results of the Managerial Level User Satisfaction Survey. Frequency counts of responses to all applicable items on the survey are included, grouped by the topic covered by the item. The results for the items covering each topic are summarized as well.

The responses to the Managerial Level User Satisfaction Survey are the perceptions of eligibility worker (EW) supervisors in New Jersey. In other words, these responses do not necessarily represent a "true" description of the situation in the State. For example, the results presented regarding the response time of the system reflect the managers' perceptions about that response time, not an objective measure of the actual speed of the response.

Description of the Sample

The following table summarizes the potential population size and the final size of the sample who responded.

Number of EW Supervisors in New Jersey	Number Selected to Receive Survey	Percentage Selected
277	30	10.8%
	Number Responding to Survey	Response Rate
	14	46.7%

The supervisors selected to receive the survey were selected randomly so their perceptions would be representative of supervisors in New Jersey. The total number of respondents, however, is low. The low response rate produces a small sample whose responses may not be representative of this random selection.

Summary of Findings

Most EW supervisors in New Jersey regard the system positively and believe that it helps them in their jobs. The majority of EW supervisors thinks that system response time, availability, accuracy, and ease of use generally are good. There are a couple of areas, however, in which significant proportions of EW supervisors believe there are problems. Most supervisors also feel that the system supports management needs adequately and contributes to job satisfaction.

Since New Jersey's current system has been operational since 1987.

SYSTEM CHARACTERISTICS

Response Time

What is the quality of overall system response time?

	Number of Respondents	Percentage of Respondents
Poor	2	14.3
Good	8	57.1
Excellent	4	28.6

What is the quality of system response time during peak periods?

	Number of Respondents	Percentage of Respondents
Poor	5	35.7
Good	6	42.9
Excellent	3	21.4

How often is the system response time too slow?

	Number of Respondents	Percentage of Respondents
Rarely	5	35.7
Sometimes	7	50.0
Often	2	14.3

EW supervisors in New Jersey generally are satisfied with system response time. Over 86 percent of the respondents feel that overall system response time is good or excellent, and almost 64 percent of EW supervisors believe that response time is acceptable during peak processing periods. A majority of the supervisors, however, thinks that response time sometimes or often is too slow.

How often is the system available when you need to use it?

	Number of Respondents	Percentage of Respondents
Sometimes	3	21.4
Often	11	78.6

How often is the system down?

	Number of Respondents	Percentage of Respondents
Rarely	4	28.6
Sometimes	9	64.3
Often	1	7.1

Almost 79 percent of EW supervisors report that the system often is available when they need to use it; however, most supervisors also feel that there are instances of downtime. This downtime, however, apparently is not intrusive enough to detract from the perception of overall system availability.

Accuracy

What is the quality of the information in the system?

	Number of Respondents	Percentage of Respondents
Poor	1	7.1
Good	12	85.7
Excellent	1	7.1

EW supervisors generally perceive the quality of the system's data to be acceptable. Almost 93 percent of the supervisors feel that the information in the system is good or excellent.

Ease of Use

How often do you have difficulty obtaining necessary information from the system?

	Number of Respondents	Percentage of Respondents
Rarely	8	57.1
Sometimes	4	28.6
Often	2	14.3

How often do you have difficulty learning to use the system?

	Number of Respondents	Percentage of Respondents
Rarely	9	64.3
Sometimes	3	21.4
Often	2	14.3

How often do you have difficulty automatically terminating benefits for failure to file?

	Number of Respondents	Percentage of Respondents
Rarely	9	90.0
Sometimes	1	10.0

How often do you have difficulty generating adverse action notices?

	Number of Respondents	Percentage of Respondents
Rarely	8	61.5
Sometimes	2	15.4
Often	3	23.1

How often do you have difficulty generating warning notices?

	Number of Respondents	Percentage of Respondents
Rarely	4	57.1
Sometimes	1	14.3
Often	2	28.6

How often do you have difficulty restoring benefits?

	Number of Respondents	Percentage of Respondents
Rarely	9	75.0
Sometimes	2	16.7
Often	1	8.3

EW supervisors generally feel that the system is easy to use. For each function discussed, a majority of the EW supervisors reports rarely having difficulties in these areas. There are several areas; however, in which significant minorities sometimes or often have problems: obtaining information from the system, learning to use the system, and generating warning and adverse action notices.

FOOD STAMP PROGRAM NEEDS

Supervisor Satisfaction Levels

How often is the system a great help to you in your job?

	Number of Respondents	Percentage of Respondents
Sometimes	4	28.6
Often	10	71.4

How often is the system an added stress in your job?

	Number of Respondents	Percentage of Respondents
Rarely	10	71.4
Sometimes	2	14.3
Often	2	14.3

EW supervisors feel that the system contributes to job satisfaction. More than 71 percent of respondents feel that the system often is a great help, and the same proportion think it rarely creates added stress in their jobs.

Management Needs

What is the quality of the reports produced by the system?

	Number of Respondents	Percentage of Respondents
Poor	2	14.3
Good	12	85.7

What is the quality of the support provided by the technical staff supporting the automated system?

	Number of Respondents	Percentage of Respondents
Poor	4	33.3
Good	5	41.7
Excellent	3	25.0

How often do you have difficulty making mass changes to the system?

	Number of Respondents	Percentage of Respondents
Rarely	5	71.4
Sometimes	2	28.6

How often do you have difficulty meeting Federal reporting requirements?

	Number of Respondents	Percentage of Respondents
Rarely	6	54.5
Sometimes	5	45.5

Most EW supervisors feel that the system supports management needs. Nearly 86 percent of the EW supervisors think that the quality of the reports produced by the system is good, and two thirds feel that technical staff support is good or excellent. More than half of responding EW supervisors report rarely having problems making mass changes or meeting Federal reporting requirements.

Client Service

No data are available to address client service because all the questions in this category compare the current and previous systems. Since New Jersey's system was implemented more than five years ago, comparative questions are not applicable.

Fraud and Errors

No data are available to address fraud and errors with the New Jersey system because all the questions in this category compare the current and previous systems. Since New Jersey's system was implemented more than five years ago, comparative questions are not applicable.